

STATE OF MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
June 30, 2004

The Budgetary Comparison Schedule in Required Supplementary Information (RSI) presents comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for the General Fund, and the major special revenue funds. The major special revenue fund categories presented for the State of Missouri are: public education, conservation and environmental protection, and transportation and law enforcement. The General Fund is composed of two fund categories, general and federal. The State Road Fund is a major capital projects fund, but must be presented on a separate schedule in Supplementary Information.

The Budgetary Comparison Schedule reports revenues and expenditures on a budgetary basis. Under this basis, "actual" revenues are recognized when cash is received, and "actual" expenditures are recognized for cash disbursements. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2004, has been presented at the bottom of the Budgetary Comparison Schedule shown on the previous pages of RSI. The Budgetary Comparison Schedule includes data presented on this basis for the fiscal year, and for adjustments made in the one-month lapse period, July 1 through July 31.

The budgetary expenditures are included in the current year's Appropriation Activity Report, which demonstrates legal compliance with the current year's budget. This report can be viewed at <http://www.oa.mo.gov/acct/AAR>. The "original budget" expenditures and transfers are for what was originally appropriated for each fund. The "final budget" expenditures and transfers takes into account any increases and decreases to appropriations during the fiscal year less what was re-appropriated to the next fiscal year less the Governor's amounts reverted (withheld) for each fund.

On the Budgetary Comparison Schedule in RSI, "original budget" revenues are equal to "revised budget" revenues for all funds except for the State's General Revenue Fund. State agencies budget revenues for each of their funds once during the year and send the revenue estimates to the Office of Administration-Division of Budget & Planning for their use in budgetary reporting, and for the CAFR budgetary comparison schedules presentation. The State's General Revenue Fund has a revised revenue estimate amount available each spring from the Office of Administration-Division of Budget and Planning for use in the "final budget" revenue column on the Budgetary Comparison Schedule. The "final budget" revenue estimates for the General Fund are very comparable to actual revenue, and result in a small positive variance on the Budgetary Comparison Schedule.

In accordance with state statute, all state funds must have an appropriation before amounts can be expended or transferred to another state fund. Therefore, the variances between "budgeted" and "actual" expenditures and transfers on the budgetary schedule will always be positive. The variance amounts in RSI this year are large for the General Fund. This is due to agency-imposed withholding amounts not being taken into account on this schedule. This schedule does include any "reverted" amounts or Governor withholdings of funds to agencies. If an amount is reverted, an agency does not have authority to spend that money.

Budgetary comparisons are also required for any other individual governmental funds for which annual appropriated budgets have been adopted. Therefore, budget to actual statements have been provided in the Supplementary Information section of CAFR for the following non-major governmental fund categories: special revenue, debt service, and permanent funds. These schedules provide similar information to the schedule in RSI with the exception of the original budget data, which is not required for non-major governmental funds under GASB Statement 34.

Budgetary comparisons are not included for non-major capital projects funds. These funds are funded by bond proceeds or grants for various projects that require several years to complete. Generally, the bond authorization or grant is appropriated in total the first year even though the bond sales or grant receipts are received over a period of years as required by the projects. Therefore, these funds do not have annual budgets and their budget data is not comparable to the actual data for the fiscal year.